

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2000-405-C – ORDER NO. 2000-967
NOVEMBER 30, 2000

IN RE: Application of Seven Bridges Communications, LLC for a Certificate of Public Convenience and Necessity to Provide Resold Local Exchange and Long Distance Interexchange Telecommunications Services within South Carolina.) ORDER APPROVING) CERTIFICATE TO) PROVIDE RESOLD) LOCAL EXCHANGE) AND RESOLD) INTEREXCHANGE) TELECOMMUNICATIONS) SERVICES
--	--

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Seven Bridges Communications, L.L.C. ("Seven Bridges" or the "Company") for authority to provide resold local exchange telecommunications services and resold intrastate interexchange telecommunications services within the State of South Carolina. The application was filed pursuant to S.C. Code Ann. Sections 58-9-280 and 58-9-520 (Supp. 1999), and the Rules and Regulations of the Commission.

By letter, the Commission's Executive Director instructed Seven Bridges to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. Seven Bridges complied with this instruction and provided the Commission with proof of publication of

the Notice of Filing. A Petition to Intervene was received from the South Carolina Telephone Coalition ("SCTC").

On October 9, 2000, counsel for the SCTC filed with the Commission a Stipulation in which Seven Bridges stipulated that it would seek authority in non-rural local exchange ("LEC") service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent's service area, unless and until Seven Bridges provided written notice of its intent prior to the date of the intended service. Seven Bridges also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. Seven Bridges agreed to abide by all State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The SCTC withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to Seven Bridges provided the conditions contained in the Stipulation are met. At the hearing on this matter, the Stipulation was entered into evidence as Hearing Exhibit No. 1. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was commenced on October 25, 2000, at 11:30 a.m. in the Commission's Hearing Room. The Honorable William Saunders, Chairman, presided. John J. Pringle, Jr., Esquire, represented Seven Bridges; Florence P. Belser, Deputy General Counsel, represented the Commission Staff. The SCTC did not appear at the hearing, and pursuant to the Stipulation, the SCTC did not oppose the Application of Seven Bridges. (See Hearing Exhibit No. 1). Frank E. Evans testified on behalf of Seven Bridges; William P. Blume and James M. McDaniel testified for the Commission Staff.

Frank E. Evans, sole owner and manager of Seven Bridges, appeared and testified in support of the application. According to Mr. Evans, Seven Bridges is organized as a Delaware limited liability company that has received authorization to transact business within the State of South Carolina from the Secretary of State for South Carolina. Seven Bridges is headquartered in Hope Hull, Alabama.

Seven Bridges seeks authority to provide resold prepaid local exchange services and resold interexchange telecommunications services throughout the geographic areas of South Carolina which are serviced by BellSouth. Mr. Evans offered that Seven Bridges has the managerial and technical abilities to provide the services for which it seeks authority. According to Mr. Evans, Seven Bridges is presently authorized to provide services in Kentucky and Florida, with applications pending in California, Georgia, Louisiana, Mississippi, and New York. Further, Seven Bridges' affiliate, First Choice, of which Mr. Evans is also the sole owner, has been providing local exchange service in Alabama since the end of 1999 and has over 1000 customers. Mr. Evans stated that Seven Bridges will be drawing upon the experience and expertise of its affiliate company in the provision of telecommunications services in South Carolina.

With regard to the financial ability to provide the services for which authority is requested, Mr. Evans offered that Seven Bridges has access to sufficient capital to support its initial operations in South Carolina. According to Mr. Evans, Seven Bridges has the full backing of its affiliate EFS, Inc.

Upon certification from this Commission, Mr. Evans warranted that Seven Bridges will abide by all the Rules and Regulations of the South Carolina Public Service Commission. Mr.

Evans affirmed that Seven Bridges would participate in support of universally available telephone service at affordable rates and that Seven Bridges would provide services which meet the applicable service standards of the Commission. Further, Mr. Evans testified that the provision of local service by Seven Bridges would neither adversely impact the public interest nor would Seven Bridges' service adversely impact the availability of affordable local exchange service. Mr. Evans offered that approval of Seven Bridges' application is in the public interest as allowing Seven Bridges to provide competitive local service within South Carolina promotes competition which will result in the offering of higher quality services at lower prices. Further, by allowing the provision of prepaid services, customers who are unable to establish credit will have access to telecommunications service.

Seven Bridges requested waivers from certain Commission regulations and requirements. Specifically, Seven Bridges requested waivers from (1) any requirement found in Rule 103-610 that all records be kept within the State of South Carolina and (2) the requirement found in Rule 103-631 to publish and distribute local exchange directories. Mr. Evans testified that Seven Bridges would keep its books and records at its principal place of business in Alabama and that the books and records would be available for inspection. Mr. Evans also indicated that Seven Bridges would make arrangements to have customer numbers published in ILEC directories. Seven Bridges also requested that it be allowed to maintain its books and records using Generally Accepted Accounting Principles ("GAAP") rather than the Uniform System of Accounts ("USOA"). By its Application, Seven Bridges, requested "waivers of any reporting requirements which, although applicable to incumbent LECs, are not applicable to competitive providers ...," but at the hearing, Seven Bridges withdrew this request from consideration.

William P. Blume, Audit Manager with the Public Service Commission of South Carolina, testified concerning his review of the financial statements filed with Seven Bridges' Application. Mr. Blume stated that the financial statements filed were those of Seven Bridges' affiliate, EFS, Inc. Mr. Blume reviewed the unaudited financial statements from August 31, 1999, and April 30, 2000. According to Mr. Blume, the August 31, 1999, financial statements show that EFS, Inc. has a good current ratio, which is indicative of the company's ability to meet current debt with current assets. Further, the cash position of EFS, Inc. is strong, and long term debt is small in comparison to the liability and equity of EFS, Inc. The April 30, 2000, financial statements of EFS, Inc. continue to show a strong cash position, some 12% of total assets. Further, the current ratio improved from 2.0 in the August 31, 1999, financial statements to a strong 6.75. Equity is positive and strong, and long term debts are low when compared with total liabilities and equity. Mr. Blume opined that the financial statements indicate a strong financial position for the Company as long as the affiliate, EFS, Inc., backs the operations.

James M. McDaniel, Chief of Telecommunications of the Utilities Department of the Public Service Commission of South Carolina, testified regarding Staff's review of Seven Bridges' Application. Mr. McDaniel stated that Staff had no objection to the requested waiver of Regulation 103-610 to allow Seven Bridges to keep its books and records out of state at the Company's headquarters. Further, Mr. McDaniel did not oppose the requested waiver of Regulation 103-631 concerning publishing and distributing local directories since the Company indicated that it would contract with the incumbent LEC to list customers of Seven Bridges in the incumbent LECs directory. Mr. McDaniel also did not oppose Seven Bridges using GAAP, rather than the USOA, in keeping its financial books and records.

With regard to Seven Bridges offering prepaid long distance services, Mr. McDaniel testified that the Commission requires the posting of a \$5000 Certificate of Deposit or surety bond, and Mr. McDaniel recommended that Seven Bridges be required to post a bond prior to offering prepaid long distance services.

Mr. McDaniel also made numerous suggestions for revisions to Seven Bridges' proposed tariff. The suggested tariff revisions were made to bring the language of the tariff into compliance with the Rules and Regulation of the Commission. Mr. McDaniel's suggested tariff revisions are contained in Hearing Exhibit No. 3. Counsel for Seven Bridges stated at the hearing that Seven Bridges agreed to make the changes to the tariff as proposed by Mr. McDaniel and contained in Hearing Exhibit No. 3.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Seven Bridges is organized as a limited liability company under the laws of the State of Delaware and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. Seven Bridges is a provider of resold local exchange and interexchange telecommunications services, and Seven Bridges wishes to provide its services in South Carolina.

3. The Commission finds, based upon the evidence presented at the hearing, that Seven Bridges has the managerial, technical, and financial resources to provide the services as described in its Application. S.C. Code Ann. Section 58-9-280 (B)(1) (Supp. 1999).

4. The Commission finds that Seven Bridges' "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280 (B)(3) (Supp. 1999).

5. The Commission finds that Seven Bridges will support universally available telephone service at affordable rates. S.C. Code Ann. Section 58-9-280 (B)(4) (Supp. 1999).

6. The Commission finds that Seven Bridges will provide services which will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280 (B)(2) (Supp. 1999).

7. The Commission finds that the provision of local exchange service by Seven Bridges "does not otherwise adversely impact the public interest." S.C. Code Ann. Section 58-9-280 (B)(5) (Supp. 1999).

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Seven Bridges to provide resold competitive local exchange service in South Carolina. The terms of the Stipulation between Seven Bridges and SCTC are approved and adopted as a part of this Order. (See Order Exhibit 1.) Any proposal to provide service to rural service areas is subject to the terms of the Stipulation.

In addition, Seven Bridges is granted authority to provide intrastate interLATA interexchange service and to originate and terminate toll traffic within the same LATA, as set

forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), directory assistance, travel card service or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. Seven Bridges shall only charge those rates and charges approved in its tariffs on file with the Commission, as provided in S.C. Code Ann Section 58-9-230 (Supp. 1999).

3. Seven Bridges shall file, prior to offering local exchange telecommunications services in South Carolina, its final tariff of its local service offerings. The local tariff shall incorporate the tariff revisions proposed by Staff and agreed to by counsel for Seven Bridges. Further, the tariff shall conform with the Commission's Rules and Regulations and shall comport with South Carolina law in all matters.

4. Any proposed change in rates for local telecommunications services must be made in compliance with S.C. Code Ann. Section 58-9-520 (Supp. 1999) and 58-9-540 (Supp. 1999).

5. With regard to the long distance service offerings of Seven Bridges, the Commission adopts a rate design which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

Seven Bridges shall not adjust its long distance rates below the approved maximum level without notice to the Commission and to the public. Seven Bridges shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice

requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for intrastate interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1999).

6. If it has not already done so by the date of issuance of this Order, Seven Bridges shall file its revised maximum long distance tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall incorporate the tariff revisions proposed by the Staff and agreed to by counsel for Seven Bridges. Further, the final tariff shall be consistent with the Commission's Rules and Regulations.

7. Seven Bridges is subject to access charges pursuant to Commission Order No. 86-584 in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

8. Seven Bridges shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Seven Bridges changes underlying carriers, it shall notify the Commission in writing.

9. With regard to the origination and termination of toll calls within the same LATA, Seven Bridges shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the

exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

10. Seven Bridges shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. Please refer to the Commission's Website www.psc.state.sc.us/forms for the annual report forms. This two page report is entitled "Annual Information on South Carolina Operations for Interexchange Companies and AOS".

11. Further, Seven Bridges shall file such other annual financial information as the Commission requires of competitive local exchange companies. This information includes annual reports and gross receipts reports. As the surveillance report, the annual report and the gross receipt report necessitate the filing of intrastate information, Seven Bridges shall keep such financial records on an intrastate basis as needed to comply with these reporting requirements. Please refer to the Commission's Website at www.psc.state.sc.us/forms for this four page report entitled "Annual Report for Competitive Local Exchange Carriers." This form shall be utilized by the Company to provide the Commission with annual financial information on the Company's intrastate operations.

12. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative

to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

Seven Bridges shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Please refer to the Commission's Website at www.psc.state.sc.us/forms for this one page report. It shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

13. Seven Bridges shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

14. The Commission finds the reasoning behind Seven Bridges's requests for waivers of (1) Reg. 103-610 - maintaining books and records within the state, and (2) Reg. 103-631 - publishing its own directory reasonable and hereby grants the waivers of those specific regulations. Seven Bridges has indicated that its headquarters is located in Alabama. The Company has indicated that it will make its records available for inspection upon request by the Commission. Seven Bridges shall make reporting requirements as required of all CLECs and IXC's operating in South Carolina. Seven Bridges is directed to comply with all Commission regulations, unless a regulation is specifically waived by the Commission. Further, the Company may maintain its financial records and books using GAAP, rather than USOA.

15. As a condition of offering prepaid interexchange services, the Commission requires the Company to post with the Commission a bond in the form of a Certificate of Deposit worth \$5,000 drawn in the name of the Public Service Commission of South Carolina or a surety

bond in the amount of \$5,000 which is payable to the Commission. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed in one year.

16. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs Seven Bridges to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate authorities is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association ("SC NENA") with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing services within South Carolina, Seven Bridges shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company's operations as required by the 911 system.

17. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Chairman

ATTEST:

Executive Director

(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

Docket No. 2000-405-C

Re: Application of Seven Bridges Communications,)
L.L.C. for a Certificate of Public Convenience and)
Necessity to Provide Resold Local Exchange)
and Long Distance Telecommunications Services)
in the State of South Carolina)
_____)

STIPULATION

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and Seven Bridges Communications, L.L.C. ("Seven Bridges") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose Seven Bridges' Application. SCTC and Seven Bridges stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to Seven Bridges, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. Seven Bridges stipulates and agrees that any Certificate which may be granted will authorize Seven Bridges to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. Seven Bridges stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. Seven Bridges stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and until Seven Bridges provides such rural incumbent LEC and the Commission with written

notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, Seven Bridges acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. Seven Bridges stipulates and agrees that, if Seven Bridges gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then Seven Bridges will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. Seven Bridges acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and Seven Bridges, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

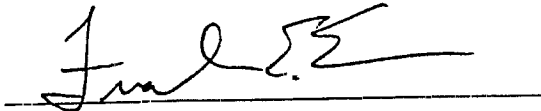
8. Seven Bridges agrees to abide by all State and Federal laws and to participate, to the

extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

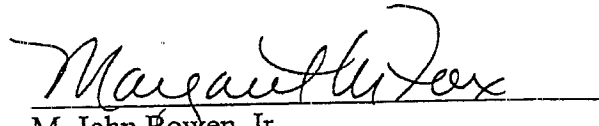
9. Seven Bridges hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 9th day of October, 2000.

Seven Bridges Communications, L.L.C.:



South Carolina Telephone Coalition:



M. John Bowen, Jr.
Margaret M. Fox
McNAIR LAW FIRM, P.A.
Post Office Box 11390
Columbia, South Carolina 29211
(803) 799-9800

Attorneys for the South Carolina Telephone
Coalition

ATTACHMENT A

South Carolina Telephone Coalition Member Companies
for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.
Chesnee Telephone Company
Chester Telephone Company
Farmers Telephone Cooperative, Inc.
Ft. Mill Telephone Company
Heath Springs Telephone Company Inc.
Home Telephone Company, Inc.
Lancaster Telephone Company
Lockhart Telephone Company
McClellanville Telephone Company
Norway Telephone Company
Palmetto Rural Telephone Cooperative, Inc.
Piedmont Rural Telephone Cooperative, Inc.
Pond Branch Telephone Company
Ridgeway Telephone Company
Rock Hill Telephone Company
Sandhill Telephone Cooperative, Inc.
St. Stephen Telephone Company
West Carolina Rural Telephone Cooperative, Inc.
Williston Telephone Company